

# Economic Incentives for the Repair and Rehabilitation of Historic Buildings

## Commercial and Industrial Buildings Offices and Hotels

Chicago Landmark  
Chicago Landmark District (Contributing Buildings)  
National Register of Historic Places (Contributing Buildings)  
Other Buildings

### Class-L Property Tax Incentive

*What it does:* Reduces the property tax rate for 12 years for rehabilitating a landmark building in a commercial or industrial use (must be a "Class 3", "Class 4", or "Class 5a/5b" use under Cook County's assessment classification system).

*Minimum investment:* 50% of the building's assessed value (land value subtracted from the total assessed value), as determined by the County Assessor.

### 20% Federal Rehabilitation Tax Credit

*What it does:* Dollar-for-dollar Federal income tax credit equal to 20% of the construction costs for rehabilitating an income-producing building; the credit may be used by the building owner or sold to a tax credit investor.

*Minimum investment:* 100% of the building's "adjusted basis"; that is, the purchase price minus the land cost and depreciation, plus prior improvements.

### 10% Federal Rehabilitation Tax Credit

*What it does:* Dollar-for-dollar Federal income tax credit equal to 10% of the construction costs for rehabilitating an income-producing, non-residential building constructed prior to 1936 (contributing properties listed on the National Register of Historic Places or in a Chicago Landmark District are ineligible).

*Minimum investment:* 100% of the building's "adjusted basis"; that is, the purchase price minus the land cost and depreciation, plus prior improvements.

### Facade Easement Donation

*What it does:* A one-time, charitable, Federal income tax deduction equal to the appraised value of the preservation easement; a preservation easement is a legal agreement which assigns the rights to review and approve alterations to a qualified non-profit organization for the purpose of preserving the property.

### Facade Rebate Program

*What it does:* For certain qualifying industrial and commercial buildings, a 30% or 50% rebate (depending on the use and type of project) of approved costs for facade renovations of up to \$5,000 per storefront or \$10,000 per industrial unit.

### Permit Fee Waiver

*What it does:* Waives all building permit fees (requires prior application).

	Chicago Landmark	Chicago Landmark District (Contributing Buildings)	National Register of Historic Places (Contributing Buildings)	Other Buildings
Class-L Property Tax Incentive	✓	✓		
20% Federal Rehabilitation Tax Credit		✓	✓	
10% Federal Rehabilitation Tax Credit	✓	✓	✓	✓
Facade Easement Donation		✓	✓	
Facade Rebate Program	✓	✓	✓	✓
Permit Fee Waiver	✓	✓		

#### Chicago Landmarks

Chicago Landmarks and Chicago Landmark Districts are those properties that have been officially designated by the City Council. Properties are recommended for landmark designation by the Commission on Chicago Landmarks, a nine-member board appointed by the Mayor. The Commission is also responsible for reviewing any proposed alteration, demolition or new construction affecting a landmark or landmark district.

#### National Register of Historic Places

The National Register is the nation's official list of places that are recognized for their historical, architectural or cultural significance. The Register is maintained by the National Park Service, and properties are listed on the Register by nominations submitted to the Illinois Historic Preservation Agency. Listing on the Register does not limit the use of properties or prevent private property owners from making changes to them.

# Economic Incentives for the Repair and Rehabilitation of Historic Buildings

## Residential Buildings

Chicago Landmark  
Chicago Landmark District  
(Contributing Buildings)  
National Register of Historic  
Places (Contributing Buildings)

**Rental only**    **20% Federal Rehabilitation Tax Credit**  
*What it does:* Dollar-for-dollar Federal income tax credit equal to 20% of the construction costs for rehabilitating an income-producing building; the credit may be used by the building owner or sold to a tax credit investor.

*Minimum investment:* 100% of the building's "adjusted basis"; that is, the purchase price minus the land cost and depreciation, plus prior improvements.

**Owner-Occupied only**    **Property Tax Freeze for Historic Residences**  
*What it does:* Freezes property taxes over a 12-year period for rehabilitating an owner-occupied single-family home, condominium, cooperative unit, or a multi-family building of up to 6 units (where one of the units is owner-occupied).

*Minimum investment:* 25% of the property's market value, as determined by the Cook County Assessor.

**Facade Easement Donation**  
*What it does:* A one-time, charitable, Federal income tax deduction equal to the appraised value of the preservation easement; a preservation easement is a legal agreement which assigns the right to review and approve alterations to a qualified non-profit organization for the purpose of preserving the property.

**Permit Fee Waiver**  
*What it does:* Waives all building permit fees (requires prior application).

	✓	✓
✓	✓	✓
	✓	✓
✓	✓	

## Other Incentives

In addition to these financial incentives specifically for historic buildings, some historic properties may be eligible for other economic development and assistance programs, such as Tax Increment Financing (TIF), Enterprise Zone Programs, the Vintage Homes Program, and Retail Chicago Business Assistance programs.

Finally, Chicago Landmarks are eligible for special allowances from certain building code requirements and for side-yard exceptions from the zoning ordinance. Unused development densities can be transferred in certain instances from landmarks to adjacent properties. Owners of historic buildings also have free access to experienced rehabilitation professionals who provide assistance with technical issues.

## CHICAGO LANDMARKS



<http://www.cityofchicago.org/landmarks>



**CITY OF CHICAGO**  
 Rahm Emanuel, Mayor  
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